



**Economic and Social  
Council**

Distr.  
GENERAL

ENERGY/2004/4  
21 September 2004

Original: ENGLISH

**ECONOMIC COMMISSION FOR EUROPE**

**COMMITTEE ON SUSTAINABLE ENERGY**

Governing Board of the Energy Security Forum  
22 June 2004, Moscow, Russian Federation

**REPORT ON THE MEETING**

**I. ATTENDANCE**

1. The extended meeting of the Governing Board of the Energy Security Forum (ESF) was held on 22 June 2004 in Moscow (Russian Federation) at the Hotel “National”. There were 30 participants representing the following institutions and companies: Lukoil (Russian Federation), Energy and Communications Solutions LLC (United States of America), Moscow International Petroleum Club (Russian Federation), Aon Risk Consulting (United Kingdom), ChevronTexaco (United States of America), ConocoPhillips (United States of America), Credit Swiss First Boston (Switzerland - United States of America), ExxonMobil (United States of America), Fitch Ratings Limited (United Kingdom), Itera Oil and Gas Company (Russian Federation), SHELL (United Kingdom), TNK-BP (United Kingdom – Russian Federation), TOTAL (France) and Transneft (Russian Federation).
2. Also present were Mr. Andrey Reus, Vice-Minister of Industry and Energy (Russian Federation) and Mr. Valery Prosorovskiy, Deputy Chairman of the State Duma Committee on Natural Resources (Russian Federation).
3. The UNECE secretariat serviced the meeting.

## **II. OPENING SESSION**

4. The meeting was opened by the Chairman of the Energy Security Forum Governing Board, Mr. Vagit Alekperov, President and CEO of Lukoil. He pointed out that the recent UNECE decision to establish the Energy Security Forum was a reflection of new and challenging trends in the world economy. Globalisation had changed the concept of energy security and it had become a global issue rather than a purely national problem as it had been previously. He also stressed the importance of addressing the issue under the auspices of the United Nations; a global organisation comprising member states with a wide range of interests in the global energy market. The Chairman of the Governing Board underlined the importance of enhancing the reliability and diversification of supply sources from existing fields in Russian Federation, Middle East and Latin America. The Russian Federation today is one of the most reliable sources of supply to world energy markets. Russian exports to Europe reached 150 million tonnes of oil and some 130 billion cubic metres of natural gas. The development of new and secure energy transport infrastructure was identified by Mr. Alekperov as one of the priority issues as well. He thanked the current ESF members and Governing Board members for their support in performing his duties of Chairman and invited other companies to join the Forum.

## **III. CURRENT STATUS OF THE ENERGY SECURITY FORUM: INTRODUCTION AND SUMMARY**

5. Mr. Robert McFarlane, Vice-Chairman of the Governing Board, briefed participants on the ESF history and current status. He highlighted the goals, policy, structure, operations and resources of the Forum as well as major results and conclusions of the first ESF meeting in March 2004 in Geneva.

6. Mr. Sead Vilogorac, UNECE Industrial Restructuring, Energy and Enterprise Development (IREED) Division made a presentation of a newly published CD-Rom reflecting the venue, presentations, deliberations and decisions taken by the special session of the UNECE Committee on Sustainable Energy in November 2003 regarding the approval of the Energy Security Forum. He has also made available copies of the CD-Rom to the participants of the meeting.

## **IV. ENERGY SECURITY SUMMIT, 10 DECEMBER 2004 IN GENEVA**

7. Mr. George Kowalski, Director of the UNECE Industrial Restructuring, Energy and Enterprise Development (IREED) Division outlined preparations for the Energy Security Summit, which will be held on Friday, 10 December 2004 at the Palais des Nations, Geneva, Switzerland. The general topic of the meeting is to be Emerging Energy Security Risks and Risk Mitigation in the Global Context. At the Chairman's proposal, the Summit should concentrate on the Caspian Region, an area with great crude oil supply potential that is of strong interest for international companies and investors. Mr. Kowalski also reported on the interaction between the UNECE secretariat and selected ESF member companies in preparation for the Summit.

8. Mr. Togrul Bagirov, Vice-Chairman of the Governing Board, presented a draft of the concept paper for the study on "Energy Security in the Caspian Region" which was being developed for the December ESF Summit in Geneva. In particular, he stressed that the Caspian region was rich in crude oil and was recognized not only as an important future source of energy supply to the world market but also as a vital component of the strategic "oil/silk road" from East to West. In addition to providing crude oil supply to the world, the Caspian region will need new energy transportation corridors. Mr. Bagirov also made proposals regarding the institutions and individuals to be invited to the Summit.

## **V. TERMS OF REFERENCE FOR THE STUDY ON EMERGING ENERGY SECURITY RISKS**

9. Mr. Nigel Alington, Executive Director, Aon, London and Mr. Matthew Harris, Head of Energy, Credit Suisse First Boston, London and New York presented an outline of the study on Emerging Energy Security Risks. The presentation described the purpose, the nature of the risks to be reviewed and the types of risk mitigation measures proposed for the consideration of the Energy Security Forum. It was suggested that the first report on the matter be a framework document, which would create an agreed basis for further studies.

## **VI. PROGRAMME OF WORK FOR 2004-2005**

10. Mr. Alexandre Chachine, responsible for the Energy Security Forum within the UNECE secretariat, provided an outline of the programme of work of the Energy Security Forum for 2004-2005. He noted that the key priority for the UNECE secretariat and members of the Governing Board will be consolidation of the ESF membership, fundraising activities and securing of adequate budget for operational activities. He also highlighted the topics that were selected by ESF members for in-depth consideration during the coming two – three years, as follows: Emerging Energy Security Risks and Risk Mitigation in the Global Context; Risk Assessment of New and Existing Energy Transportation Corridors; Energy and Petroleum Security Risks of the Energy Balance in the UNECE Region and Energy Security, Management and Corporate Governance in the Energy Sector.

## **VII. MEMBERSHIP POLICY AND ELECTION OF NEW MEMBERS OF THE GOVERNING BOARD**

11. At the proposal of Mr. Bagirov participants approved the following members of the Governing Board: Mr. Magne Seljeftot (Aon Energy Group), Mr. Matthew Harris (CSFB), Mr. Igor Makarov (ITERA), Mr. Trevor Pitman (Fitch Rating) and Mr. George Kowalski (UNECE). The Executive Board also decided to accord an honorary membership on the Governing Board to the Secretary-General of the Organisation of Oil Exporting Countries (OPEC) and to the President of the American Petroleum Institute.

## **VIII. HUMAN RESOURCES AND BUDGET**

12. Mr. G. Kowalski explained that the implementation of the ESF programme is to be supported by both budgetary and extra-budgetary resources. The UNECE will provide 40 percent of P-4, 30% of P-5 UNECE staff, as well as office space, communication, interpretation facilities and selected support services. However, the programme will require its own small staff (a Programme Manager and a secretary) that will be financed from extra-budgetary funds. A trust fund on the order of US\$ 500,000 to 600,000 per year will be required for this purpose and will be ensured by the ESF member-companies fees.

13. Given the crucial role of Mr. T. Bagirov in the establishing the Forum and his outstanding organisational abilities, Mr. V. Alekperov invited him to consider taking position of the ESF Programme Manager, at least during the initial phase of the programme, in order to ensure its successful start up and smooth initial operations. The ESF Governing Board members unanimously supported this proposal.

## **IX. LETTER OF AGREEMENT AND MEMORANDUM OF UNDERSTANDING**

14. The UNECE secretariat presented a standard Letter of Agreement that outlined the commitments required of ESF members for financial contributions to the Trust Fund, active participation in the implementation of the programme of work and in-kind contributions to ESF activities. While some companies have signed Letters of Agreement during the meeting in Moscow, others informed the secretariat that they would consider signing the Letter after consultation with their headquarters. Other companies were invited to join the Forum and, after their consideration of the matter, to inform the Chairman of their decisions.

15. A Memorandum of Understanding was made available to the participants, which described the importance, timeliness and strategic character of the Forum. It also reflected recent results achieved and immediate goals set for the Forum.

## **X. ACKNOWLEDGEMENTS**

16. Participants to the meeting expressed special thanks and gratitude to Mr. V. Alekperov and other Lukoil staff for the excellent organization of the meeting, including the remarkable reception and hospitality.